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*File only
one copy*Economic Services DivisionCommittee on China

(Minutes of the Sixteenth Meeting -- 0930 hours, 6 January 1955)

Present:

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Guests:

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The intelligence deficiencies for the Far East as listed in IACD-57/2, 16 November 1954, Post-Mortem of NIE Production for First Six Months of 1954 were read. Three major points were discussed:

1. The problem of improving information on agricultural production, rate of collectivization, and peasant reactions to the regime's agricultural policy. [REDACTED] pointed out that a number of Chinese farmers have been emigrating to Canada, and that there has been little exploitation of this source. Name lists of these emigrants have been furnished; he believes that, although this is a low level source, it could provide useful information on some of these points.

2. The question of public attitudes towards the regime in China. Mr. [REDACTED] said that interrogation reports are designed to go into this question but that to be effective there should be a follow up on an individual source basis where a good potential is revealed in the initial interrogation. The problem is the long period of time between the initial interview and the receipt of additional requirements. Frequently the interrogee is no longer available or has moved and is difficult to find. This led to a discussion of how to speed up receipt of [REDACTED] material (and other material) by the analysts so that it can be used immediately and followed up effectively when necessary. [REDACTED] will attempt to get sufficient copies of the former so that each member can get those that are of interest without waiting for them to do through OCD and the reading panel's routing. The question was also raised as to the possibility of using the Committee as a means of seeing that all members receive copies of general material, which because of lack of specific material or through inadvertance is not routed to interested readers. It is felt that individual analysts should pursue their interests with the reading panel as a partial solution, and in addition it is recommended that each member scan his incoming material with the interests of others in mind and reroute where it appears desirable.

3. The lack of agreement on methodology for an estimate of transportation capacity. This is a long-standing problem, which may have no solution. It was pointed out that efforts to estimate potential capacity in domestic rail

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traffic frequently result in widely differing figures. It is particularly difficult to estimate from the point of view of Services since capacity is so largely a function of what goods are to be shipped. Terrain, climate and other factors wield an additional influence which make capacity estimates extremely difficult.

Current News Items brought out:

1. The Chinese now claim to be self-sufficient in newsprint.
2. The Chinese are starting a new construction bond drive. The issue will be the equivalent of about \$250,000,000 (same as the 1954 drive). Primary purpose appears to be as before to put a further squeeze on the merchant and dwindling private business class and to siphon off purchasing power and act as a price stabilizer.
3. It has been reported that a convoy of trucks has reached Lhasa from Ch'eng-tu.
4. An important manganese deposit has allegedly been discovered in Hopong State (Burma), East of Taunggyi.

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There was some discussion of whether the railroad development in Viet Minh is standard or meter gauge. [REDACTED] believes it to be meter gauge because terrain factors would make standard gauge difficult. S/TR believes that logically they would make the additional effort to have standard gauge, unless there was a desire on the part of the Vitminh to maintain a degree of independence from the Chinese. However, the most recent information available indicates that it will be meter gauge.

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